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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Concerning
Energy Efficiency Rolling Portfolios,
Policies, Programs, Evaluation, and Related
Issues.

Rulemaking 13-11-005
(Filed November 14, 2013)

(NOT CONSOLIDATED)

Order Instituting Rulemaking to Enhance
the Role of Demand Response in Meeting
the State's Resource Planning Needs and
Operational Requirements.

Rulemaking 13-09-011
(Filed September 19, 2013)

**JOINT ADMINISTRATIVE LAW JUDGE'S RULING PROVIDING
GUIDANCE ON COMPLIANCE WITH ASSEMBLY BILL 793 ACTIVITIES**

Summary

This ruling provides guidance to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas), (collectively, Investor Owned Utilities or IOUs) for implementation of the portions of Assembly Bill (AB) 793 (Quirk, 2015) related to incentives for and education about energy management technologies. The IOUs are directed to file plans to meet the Legislative mandates in AB 793, Public Utilities Code Section 717, by August 1, 2016.

Background

On October 8, 2015, Governor Brown signed into law AB 793 authored by Assemblymember Quirk. The Legislation adds Public Utilities Code Section 717,¹ which requires the following:

- a. The California Public Utilities Commission (Commission) shall require an electrical or gas corporation to do all of the following:
 1. Develop a program no later than January 1, 2017, within the electrical or gas corporation's demand-side management programs authorized by the Commission, to provide incentives to a residential or small or medium business customer to acquire energy management technology for use in the customer's home or place of business. The electrical or gas corporation may allow third parties or local governments to apply for incentives on behalf of customers. The electrical or gas corporation shall work with third parties, local governments, and other interested parties in developing the program. The electrical or gas corporation shall establish incentive amounts based on savings estimation and baseline policies adopted by the Commission.
 2. Develop a plan by September 30, 2016, to educate residential customers and small and medium business customers about the incentive program developed pursuant to paragraph (1). The Commission may require that the plan be integrated into, or coordinated with, any education campaign required by the Commission.
 3. Annually report to the Commission on actual customer savings resulting from the incentive program

¹ Hereafter, all references to the code are to the Public Utilities Code.

established pursuant to this section. The Commission shall evaluate all electrical or gas corporation energy savings claims achieved pursuant to the incentive program in a manner consistent with Commission-adopted evaluation protocols and determine if the program shall continue or be modified.

- b. For purposes of this section, “energy management technology” may include a product, service, or software that allows a customer to better understand and manage electricity or gas use in the customer’s home or place of business.
- c. Nothing in this section shall be construed to amend or limit the ability of a community choice aggregator to apply to administer an energy efficiency or conservation program or a demand-side management program as set forth in Section 381.1.²

**Guidance to Utilities on Compliance
with AB 793, Code Section 717**

The intent of Section 717 appears primarily aimed at the deployment of energy management technologies which can help provide customers with a better understanding of their energy usage and, in turn, assist them in making more informed decisions about how to optimize their energy consumption and reduce their energy bills. Offering incentives for energy management technologies represents an opportunity for the IOUs to address growing energy consumption driven by plug loads and to develop a new generation of innovative programs that will drive energy efficiency savings and load

² Stats. 2015, Ch. 589. Note that AB 793 also adds Public Utilities Code Section 2790, which addresses requirements for weatherization services to low-income consumers. These weatherization-related requirements are being addressed separately in Application (A.) 14-11-007.

reductions through demand response, with the goal of transitioning away from traditional rebate programs as markets mature.

These topics potentially span several open proceedings at the Commission. In addition to the energy efficiency rulemaking (R.13-11-005), implementation of AB 793, Section 717 may impact the demand response rulemaking (R.13-09-011), the integrated distributed energy resources proceeding (R.14-10-003), efforts around statewide marketing, education and outreach (A.12-08-007, et. al.), and the residential rate reform rulemaking (R.12-06-013). It is important to ensure that implementation of Section 717 is coordinated with, as much as possible, and informed by, the ongoing work in these existing Commission proceedings while fulfilling the new Legislative mandates.

Commission staff and the IOUs have met regularly since AB 793 was signed to review strategies for the marketing plan and the incentive program components, as mandated by the bill. Commission staff has provided informal feedback and direction to the IOUs on their initial ideas for implementation.

In addition, in advance of the IOU proposals requested herein, at its June 9, 2016 meeting the Commission adopted a proposed decision³ in the demand response rulemaking (R.13-09-011) that includes funding for a new program both to reduce reliability concerns in areas impacted by the Aliso Canyon gas storage facility leak and to act as an early offering for AB 793 energy management system requirements.

³ The proposed decision published on May 3, 2016, can be found at the following link: <http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=161624654>. The adopted decision is not yet posted.

On March 23, 2016, in response to the leak at the Aliso Canyon facility, the assigned Commissioner for demand response issued a ruling⁴ directing SCE to offer customer rebates for the purchase of programmable controllable thermostats and enroll in a direct load control or tariff program as part of an initial step implementing Section 717.

The recent demand response decision includes a \$75 rebate for customers who purchase and install an eligible thermostat and enroll in the SCE Peak Time Rebate Direct Load Control program. The decision also sets a target for SCE to enroll 50,000 new customers in the Los Angeles Basin in the Peak Time Rebate Direct Load Control program by 2018. This program allows SCE or approved vendors to control the customer's load during a demand response event and provide bill credits for load reductions during the event.

While most communication to date with the IOUs on the implementation of AB 793, other than the recent demand response decision described above, has been informal, this ruling is intended to provide more comprehensive direction on the content expected for IOU proposals and process for implementation of the Legislative mandates. The IOUs' efforts in response to Section 717 should be comprehensive, innovative, and scalable, and should meet the needs of the marketplace. The IOU proposals to comply with Section 717 must include the following:

⁴ The ruling of the assigned Commissioner for demand response on Aliso Canyon can be found at the following link: <http://www.cpuc.ca.gov/aliso/>.

- Strategies for increasing participation and deployment of current demand-side programs and offerings that meet the Legislation's definition of an energy management technology;
- A list of all energy management technology programs and offerings that are currently not in the IOU portfolios, but will be rebated and available on January 1, 2017;
- A comprehensive list of all energy management technology programs and offerings that meet the objectives of Section 717, but that the IOUs will not plan to launch until after January 1, 2017. For these programs and offerings, the IOUs shall provide timelines for launch and necessary actions to offer the product(s);
- Information on all energy management technology products that are currently part of the IOU programs or will be part of the programs on January 1, 2017, with associated rebates, budgets, projected uptake, and target market for all programs and offerings;
- A proposal for a process for reporting and tracking of Section 717 program accomplishments and savings to the Commission;
- A list of any and all proposals to implement Section 717 which may be executed in cooperation with all regional energy networks, community choice aggregators, and/or publicly-owned utilities; and
- A robust two-year marketing plan for energy management technologies that includes the following:
 - Strategies to be employed
 - Metrics and targets
 - Partnerships

- Integration with other marketing efforts (e.g., device manufacturers, retailers, home builders, contractors, Energy Upgrade California.)⁵

Next Steps

The IOUs have two options for filing their implementation proposals in compliance with Section 717.

- 1) If seeking to use currently authorized funding pursuant to and within the fund shifting limits established in Decision (D.) 12-11-015 (for energy efficiency measures) and/or D.12-04-045 (for demand response measures), IOUs shall file Tier 2 advice letters.
- 2) If seeking new/supplemental funding, the IOUs shall file new applications.

Advice letters or applications with IOU proposals developed in accordance with this ruling shall be filed no later than August 1, 2016. The IOUs shall file individual advice letters or applications containing their specific proposals for rebated products, but these filings shall include an advice letter or application containing a joint IOU marketing plan.

IT IS RULED that Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall propose to the Commission comprehensive, innovative, and scalable programs designed to meet the requirements of Public Utilities Code

⁵ A December 17, 2015 Assigned Commissioner and Administrative Law Judge's Ruling in the residential rate reform rulemaking (R.12-06-013) requires the IOUs to design comprehensive strategic action plans for rate reform marketing, education, and outreach, due to be filed by advice letter on September 1, 2016. An associated consultant report is under development, in consulting with the marketing, education, and outreach working group in that proceeding, which will inform these plans.

Section 717, and designed to meet the needs of consumers and the marketplace,
by August 1, 2016.

- a. If no supplemental funding is requested from energy efficiency and/or demand response budgets previously authorized by the Commission, Tier 2 advice letters shall be filed.
- b. If supplemental funding is requested from energy efficiency and/or demand response budgets previously authorized by the Commission, applications shall be filed.
- c. Each utility may file separate advice letters and/or applications, but the filings shall include a joint marketing and education plan that is consistent across utilities.

Dated June 10, 2016, at San Francisco, California.

/s/ ANNE E. SIMON for
Kelly A. Hymes
Administrative Law Judge

/s/ JULIE A. FITCH
Julie A. Fitch
Administrative Law Judge